

STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL SERVICES DIVISION
P. O. BOX 942850
Sacramento, CA 94250-5878

DATE: September 24, 2008

PERSONNEL LETTER # 08-011
(Civil Service Only)

TO: To All Agencies in the Uniform State Payroll System

FROM: Don Scheppmann, Chief
Personnel/Payroll Services Division

RE: **JULY 1, 2008 GENERAL SALARY INCREASE FOR CIVIL SERVICE BARGAINING UNIT 5**

Pursuant to the memorandum of understanding for rank and file employees and per Department of Personnel Administration's (DPA) authorization for excluded employees, the employee's retirement rate for certain R05, S05 and M05 employees will be increased from 2% to 4% of the gross salary in excess of \$863.00 per month effective July 1, 2008. The employee's base salary will be increased by 1.89% to 2.02% depending on the employee's class and range to offset the increase in the employee retirement contribution. In addition a 4.1% general salary increase (GSI) and a shift rate increase is approved for all bargaining unit 5 employees effective July 1, 2008. Refer to DPA Pay Letter 08-26 for further salary increase information.

The exception to the above retirement increase is the CHP Commissioner's retirement contribution which will remain fully paid by the state. The retirement ID for all classes will remain unchanged and only the employee contribution rate will be changed effective July 1, 2008. A 505 transaction will be processed via mass update and manually (see below) to effect the retirement change.

After the 505 transaction has been processed, the two salary increases will be processed via mass update and manually for those who cannot be included in the mass update (see below). The resulting GEN transaction's new base pay rate will reflect both the 1.89% to 2.02% and the 4.1% increases effective July 1, 2008. The retirement change and salary increases should be reflected in the employee's October 2008 master payroll. Also, adjustment payments will be made for the 07/2008, 08/2008 and 09/2008 pay periods which will also include the employee retirement rate increase. See below for additional information on the adjustment payments.

1. EH UPDATE PROCESS

Two EH mass updates will be processed on Thursday, September 25, 2008 to post the 07/01/08 effective date 505 transaction and GEN transaction.

PPSD will manually update the EH records not included in the mass update. Typically, the manual update will include employees who are in an out-of-sequence transaction situation (i.e., have one or more transactions with an effective date after 07/01/08) or are separated prior to July 1, 2008 with lump sum extending into the new salary pay period. These employees will be processed on a flow basis. Also, PPSD will notify the department of situations requiring department action.

Only one turnaround (TAD) PAR will be issued from the two updates. The TAD PARS will be released on a flow basis.

2. SPECIAL EH DOCUMENTATION/PROCESSING INSTRUCTIONS

Once an employee's EH record is updated, the 07/01/08 effective date 505 and GEN transactions could create an out-of-sequence condition. If allowed, salary rate must be entered on any new out-of-sequence transaction. If not entered, the salary rate per the 07/01/08 effective date GEN transaction will be reflected on the new transaction and could create an overpayment situation. See PAM Section 9 for further processing information.

If correcting a 07/01/08 effective date transaction that was posted before the 07/01/08 effective date GEN transaction, key enter the GSI Code O (alpha O in the GSI field on the PAR1 update screen) on the correct transaction to denote old salary rate. Also, per DPA, an MSA transaction shall be applied before a salary range change. Thus, the 07/01/08 effective date MSA transaction must be posted on an employee's EH record before the 07/01/08 effective date 505 and GEN transaction. Key enter the GSI Code O on the MSA transaction to denote old salary rate. Failure to enter the GSI Code O could result in an incorrect base salary rate and/or anniversary date (i.e., overpayment).

3. PAYROLL ADJUSTMENTS

Adjustments for regular pay payments and overtime payments (i.e., non-FLSA overtime pay) that have already been issued will be automatically made after the employee's EH record is updated for the salary change. Debit and credit retirement deductions (Code 003) will be applied to the regular pay adjustment payments to collect the retirement rate increase. For employees updated via the above EH mass update the adjustments will be made in the September 26, 2008 payroll cycle (issue date September 29, 2008). Manually updated EH records will have the salary adjustments issued on a flow basis as the records are updated.

SCO will generate the shift rate pay adjustments after the EH updates are completed. The department will be contacted with additional information at a later date.

The department will need to request GSI adjustments to FLSA overtime pay (payment type 1, payment type suffix F) via the PIP system. See PPM Sections G020-024 and K for further information. Likewise, departments will need to submit Form STD. 674/674D to request adjustments for the following payments that have issued for the 07/2008, 08/2008 and 09/2008 pay periods.

- Regular pay with dock applied for employees with a mid-month change.
- Regular pay for employees on an alternate work schedule or working a shift and time paid does not equal time possible for the pay period.
- SCO will also adjust LC 4800 time payments and no action is needed by the department to initiate the adjustments.
- Industrial Disability (IDL).
- Temporary Disability (TD)

- Nonindustrial Disability Leave (NDI) if benefits began after the 06/2008 pay period.
- NDI Annual Leave Supplementation
- Supplemental premium/pay differential pay if the pay rate is based on a percentage of the employee's based on salary rate and the employee is receiving a GSI.

4. RETROACTIVITY CHARGES

The transactions as a result of the July 1, 2008 retirement/salary change are considered to be non-controllable personnel and payroll transactions. The EH transactions and payroll adjustments resulting from the EH mass updates or initiated by PPSD should not be reflected on the Monthly Retroactivity Report. The EH transaction and payroll transactions that are key entered manually by SCO or the department will appear on the department's report. The department can return the report identifying the item associated with the July 1, 2008 retirement/salary change along with the appropriate explanation.

5. TELEPHONE CONTACTS

Questions regarding the salary changes and EH/Payroll processing information can be directed as follows:

<u>SALARY AREA</u>	<u>CONTACT</u>	<u>TELEPHONE NUMBER</u>
Salary Program	DPA	(916) 324-9381
EH Procedures	Personnel Operations Liaison Staff	(916) 322-6500
Disability Procedures	Disability Liaison Unit	(916) 322-3619
Retirement Procedures	Retirement Unit – Lynn Leino	(916) 322-7975
General Payroll Procedures	Payroll Liaison Unit	(916) 323-3081

DS:JB:PMAB